

H-3103-1 - FEES, RENTALS, AND ROYALTY

Introduction

This Handbook provides guidelines concerning oil and gas lease fees, rentals, and royalty rates. Guidelines are included for determining rental, royalty, and minimum royalty rates for leases when lease accounts revert from royalty to rental status and for calculating and establishing correct lease rental charges for the reversion. Also contained in this Handbook are the required lease rental charges for terminated leases being reinstated; for lands outside participating areas of producing units; and for lands determined to be within a known geological structure (KGS) or favorable petroleum geological province (FPGP), as well as lands deleted from a KGS or FPGP.

Guidelines and procedures also are included for actions involving suspensions of operations and/or production and for rental and royalty rate reductions. Information concerning the suspension of excess overriding royalties or payments out of production, removed from the leasing regulations in June 1988 and no longer required to be processed, is briefly discussed in Section IX of this Handbook.

Other guidance concerning fees, rentals, and royalties is provided in Manual Section 3103 and in the specific Handbooks for processing oil and gas lease actions, including Handbook 3105-1, Handbook 3106-1, Handbook 3107-1, Handbook 3108-1, Handbook 3109-1, Handbook 3110-1, and Handbook 3120-1.